

BELLMON PROFILE

COUNTRY NAME: **Benin**

FISCAL YEAR: **2003**

MONETIZED
TITLE II
COMMODITIES **rice**
market analyses have been
conducted for vegetable
oil, wheat grain and
wheat flour and soybeans

MONETIZED GLOBAL
FOOD FOR EDUCATION
INITIATIVE (GFEI) **soybeans**

MONETIZATION PROGRAM **CRS/West Africa
Regional Office**

DATE OF LAST
BELLMON ANALYSIS: **January 1999**

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CRS – Benin – Unloading of Title II Food – Cotonou Port

COUNTRY BACKGROUND INFORMATION

The Republic of Benin is a small open economy situated in the Gulf of Benin, covering an area of 114,763 km² and bordered by Burkina Faso, Niger, Nigeria and Togo. With an estimated population of approximately 6.4 million¹ and a per capita GNI of \$380, Benin is classified as a Least-Developed Country (LDC) and a **Low-Income Food-Deficit Country** (LIFDC)².

In 2002, the United Nations' Development Program (UNDP) ranked Benin as 158 out of 173 according to its Human Development Index (HDI), reflecting, among other things, high rates of malnutrition, lack of access to potable water and widespread poverty³.

Benin's economy continues to be dominated by subsistence agriculture, which accounts for 35.5 percent of GDP and employs approximately 70 percent of the active population.⁴ As an open economy, Benin, and especially its agricultural sector, is strongly influenced by its neighbors. Benin traditionally exports to the neighboring countries of Niger, Nigeria and Burkina Faso, and production in neighboring countries has a strong impact on Benin's export levels. Benin therefore follows a common "export-import" cycle, exporting surplus (or non-surplus) production to the markets of the highest demand, while importing similar commodities later in the year to meet consumption needs.

¹ World Bank – "Benin at a Glance" – www.worldbank.org/data/ - 9/23/02

² A Least Developed Country (LDC) is a UN General Assembly classification for "those low-income countries that are suffering from long-term handicaps to growth, in particular low levels of human resource development and severe structural weakness." A LIFDC is an FAO classification which includes all basic foodstuffs net importing countries with a per caput income below the level used by the World Bank to determine IDA eligibility

³ PNUD « Rapport Mondial sur le Développement Humain 2002 » p. 152

⁴ World Bank *ibid.*

DISINCENTIVE DATA:

The main foods consumed in Benin are cassava, yams, corn, millet, sorghum, rice, wheat, vegetable oil and milk. Table I shows whether each commodity is produced locally, imported and/or programmed.

Table 1: Benin – Food Consumed, Produced, Imported And Programmed

Foods Consumed locally	Produced locally	Imported	Programmed
Cassava/yams	X		
Corn	X		
Milk	X	X	
Refined Vegetable Oil	X	X	
Rice	X	X	X
Sorghum/Millet	X		
Wheat		X (Wheat flour)	

CROP PRODUCTION

Table 2 – Benin Gross Production of cereal crops (in thousand tons)

	1996/1997	1998/1999	1999/2000	2000/2001	2001/2002
Wheat	-	-	-	-	-
Rice	12	29	25	37	52
Coarse grain	605	887	774	891	953

Source: GIEWS Food Supply situation and crop prospects in SSA Dec 2001, 2000, 1999, 1998, 1997

At the national level, Benin's agricultural sector is relatively diversified, with production based upon tubers (yams and cassava), maize, millet and sorghum. Cereals only account for 37% of the total calorie intake. In general, maize and cassava are grown throughout the country, while millet, sorghum and yams are produced in the north. Although Benin's agricultural production is self-sufficient during years of good harvest, the sustainability of such increases is uncertain. Nonetheless, for 2001/2002, the overall food supply situation is deemed to be satisfactory.

ANALYSIS OF RICE MARKET

Table 3 – Benin – Rice Production, Imports and Consumption

	1997	1998	1999	2000	2001	Five-Year Average
Total Domestic Production*	20,685.00	30,250.00	36,522.00	35,563.00	48,838.00	34,371.00
Total Commercial Imports	137,045.00	81,905.00	101,998.00	96,546.00	136,231.00	110,745.00
Re-exports	50,247.00	34,893.00	28,386.00	23,803.00	43,941.00	36,254.00
Total Domestic Supply**	107,483.00	77,262.00	110,134.00	108,306.00	141,128.00	108,862.60
Consumption	105,527.73	108,661.90	111,889.16	115,212.27	118,634.08	111,985.03
Requirements***						
Food Balance	1,955.27	-31,399.90	-1,755.16	-6,906.27	22,493.92	-3,122.43

*Milled equivalents

**Conversion rate (paddy to milled rice) is estimated to be .65

***Per capita rice consumption requirement is estimated to be 18 kilos per capita

SOURCE: Port Autonome du Cotonou, ONASA

Note that the increase in commercial imports in 2001 was probably due to increase in both official and un-official re-exports.

Rice consumption

Although rice is not a traditional staple in Benin, its consumption has grown markedly over the past few decades, a fact, which has been attributed to increased urbanization and the presence of imported rice. The rice market in Benin is segmented. Local rice is grown, milled and consumed exclusively in the north by subsistence farmers. The milling quality is poor. Small quantities of imported rice can be found in a few major urban areas in the north. Generally speaking, local rice is neither consumed nor traded in the southern fifth of the country where 2/3 of the population reside. Domestic rice is simply unavailable in Cotonou, Abomey, and Porto Novo, three major southern cities.

Rice imports

In Benin, the domestic rice market is extremely competitive, with smaller buyers importing several varieties of rice. Prices for imported rice are differentiated according to quality, with higher-quality varieties receiving a premium on the domestic market. Under present conditions, the importation of cheaper Asian imports has resulted in a decline of the share of U.S. imports into the local market. US well milled no. 5 (20% broken) rice can be sold in Benin, but price competition from Chinese rice in particular, has made sales slower than expected. Thus, pricing is the single most important factor for rice monetization in Benin. The yearly fluctuations in both production and imports make for a volatile market, for which a seemingly possible monetization may become impossible or more difficult.

ANALYSIS OF THE WHEAT/WHEAT FLOUR MARKET

Table 4: Benin - Wheat Flour Production, Imports and Consumption

	1997	1998	1999	2000	2001	Five-Year Average
Bulk Wheat Imports	16,850.00	12,798.00	8,708.00	11,713.00	15,609.00	13,135.60
Bulk Wheat Imports (flour equiv.)*	12,132.00	9,214.56	6,269.76	8,433.36	11,238.48	9,457.63
Wheat Flour Imports	36,659.00	46,570.00	37,832.00	29,585.00	37,254.00	37,580.00
Total Imports	48,791.00	55,784.56	44,101.76	38,018.36	48,492.48	47,037.63
Re-exports	13,036.00	20,587.00	8,198.00	4,268.00	4,794.00	10,176.60
Total Domestic Supply	35,755.00	35,197.56	35,903.76	33,750.36	43,698.48	36,861.03
Consumption Requirements**	34,589.65	35,616.96	36,674.78	37,764.02	38,885.61	36,706.20
Food Balance	1,165.35	-419.40	-771.02	-4,013.66	4,812.87	154.83

*Conversion rate (bulk wheat to wheat flour) estimated at .72

**Per capita wheat consumption requirement is estimated at 5.90 kilos per capita

Source: Port Autonome du Cotonou

Wheat flour consumption

Although wheat is not produced locally, the average annual consumption requirement is estimated at 36,706MT (in wheat flour equivalents) annually. The urban populations of Benin primarily consume wheat products, with the highest consumption in the densely populated regions in the south. Nevertheless, wheat consumption has become more common throughout the country, and there are now artisan and commercial bakeries in most regions.

Wheat and Wheat flour imports

Benin imports both bulk wheat and wheat flour. The market channels for these two commodities are very different. The market for bulk wheat in Benin is oligopolistic in structure, with two buyers dominating bulk wheat imports. There are two mills in Benin -- the Grands Moulins du Benin (GMB) and the Moulins du Golfe. Currently, only the GMB mill is operating, representing an estimated 30% of total bread flour demand.

ANALYSIS OF VEGETABLE OIL

Table 5 Benin - Vegetable Oil Production, Imports and Consumption

	1997	1998	1999	2000	2001	Five-Year Average
Industrial Production	7,484.00	14,318.00	9,900.00	23,881.00	42,764.00	19,669.40
Artisanal Production	4,989.00	9,545.00	6,600.00	8,931.00	7,233.00	7,459.60
Commercial Imports	8,715.00	19,906.00	12,813.00	20,919.00	6,251.00	13,720.80
Re-exports	1,500.00	1,500.00	1,500.00	1,555.00	2,847.00	1,780.40
Total Domestic Supply	19,688.00	42,269.00	27,813.00	52,176.00	53,401.00	39,069.40
Consumption Requirements*	52,763.87	54,330.95	55,944.58	57,606.14	59,317.04	55,992.51
Food Balance	-33,075.87	-12,061.95	-28,131.58	-5,430.14	-5,916.04	-16,923.11

*Per capita veg. oil consumption requirement is estimated to be 9.00 kilos per capita

SOURCE: 1997-99 Port Autonome du Cotonou, WFP/Bénin, Bureau Appui aux Organisations de Production Swiss, 2000-2001 BCEAO, INSAE, LARES

Note that the decrease in imports in 2001 is due to increased industrial production as FLUDOR came on stream.

The food balance sheet for edible oil in Benin is complicated by the fact that cottonseed and palm oil (the two major sources) are produced, processed, consumed, exported, and later re-imported into the country. The political economy of the sector is complicated by the importance cotton fiber plays as an export commodity and cottonseed plays as a raw material for edible oil production.

Vegetable oil production

Edible oil production in Benin has contracted considerably over the past decade. At the village level, production of edible oils (palm oil, peanut oil and shea butter) is culturally, but not industrially, important. "Red oil", or palm oil produced at the village level, is most often made from oil palm collected or purchased from the palm plantations; harvesting "wild" palms for nuts is reported to be limited. Nevertheless, the importance of these oils in the diet has been reduced significantly over the past several decades, as commercial supplies have displaced village-level edible oil production.

The political economy of the non-palm edible oil sector in Benin pivots around the size of the cotton crop, the world price for cotton, the farmers price for seed cotton the tonnage and price of cottonseed reserved for local refiners, and the its market price on the export market.

ANALYSIS OF SOYBEANS

Table 6 – Benin – Soybean production, consumption and imports

	1997	1998	1999	2000	2001	Five-Year Average
Local Production	1,203.00	1,995.00	3,444.00	4,296.00	3,543.00	2,896.20
Commercial Imports	1,800.00	1,817.00	1,235.00	1,339.00	N/a	1,238.20
Re-exports	0.00	0.00	0.00	0.00	0.00	0.00
Total Domestic Supply	1,203.00	3,812.00	1,579.00	5,635.00	N/a	2,445.80
Consumption	N/a	N/a	N/a	N/a	N/a	N/a
Requirements						
Food Balance	N/a	N/a	N/a	N/a	N/a	n/a

Source: ONASA, Centre Songhai

Benin produced an average of 2,896 MT/year of soybeans from 1997-2001. Local produced soybeans are consumed in country or exported informally into Nigeria. 2,750 MT of soybeans were sold to Fludor, a large local oil refiner in FY 2002 through the GFEI program. An additional shipment is scheduled for shipment and monetization in a FY 2003 follow-on extension of the program.

Soybeans are refined into edible oil and the byproducts are used primarily for animal feed. Soybeans can substitute for cottonseed in refining edible oil in Benin but not at current prices for seed and current demand for animal feed. Cottonseed prices are less than 1/3 the price of soybeans.

STORAGE DATA:

Port Facilities

The major port of entry in Benin is the Port Autonome of Cotonou, with a total annual storage capacity of 300,000 m² including warehouses, platforms and containers. Overall, the port's handling capacity is 2 million MT of commodities per year.¹ Given the decline in port traffic in recent years, port congestion is not foreseen as a potential problem at the time of projected P.L. 480 food aid arrival.

Storage Facilities

There are adequate storage facilities in Cotonou, as well as throughout the country, to absorb 8,000 MT P.L. 480 food aid. In the public sector, ONASA owns silos with a storage capacity of 11,000 MT of cereal grains. In addition to these facilities, a minimum of 18,000 MT of storage is available through the private and non-governmental sectors, including those facilities owned or rented by international organizations (WFP), NGOs (CRS), and private importers. While total storage facilities in Benin probably exceed 18,000 MT, this capacity is provided as a benchmark for the facilities known to be available.

Transport Facilities

Benin's transport facilities play an essential role in the functioning of its marketing system. Only about 1,200 km of Benin's total road network are paved roads, consisting of 3,400 km of classified roads, 10,350 km of rural roads, and around 1,800 km of urban roads. The backbone of the national road network is composed of two North-South axes linking Cotonou to Burkina Faso and Niger, in addition to the coastal Togo-Nigeria highway. As for railway capabilities, the only railway line for freight transport links Parakou with Cotonou. The transportation infrastructure in Benin supports a robust transit sector, and has been capable of transporting well over 300-400,000 MT of commodities per year to neighboring countries.

¹ Port Autonome de Cotonou, République du Bénin. *Spécial Entreprises*. Cotonou, Bénin: 1998.